

## **Federal Advisory Committee on International Postal and Delivery Services**

*(2:00-5:00 p.m., 7 April 2011, American Institute of Architects, 1735 New York Avenue, NW, Washington, D.C.)*

### **Committee members in attendance**

- Maynard Benjamin, Global Envelope Alliance
- Charles Bravo, Bravo Consulting, Inc.
- John Callan, Ursa Major Associates
- Jim Campbell, Self-employed
- Gene Columbo, Deloitte Consulting
- Michael Coughlin, Retired (USPS)
- Lea Emerson, Executive Director, International Postal Affairs, USPS
- Ann Fisher, Postal Regulatory Commission
- Amanda Horan, Office of the United States Trade Representative
- Juan Ianni, Self-employed
- Charles Prescott, Self-employed
- Sue Presti, International Mailers Advisory Group
- Mike Regan, Retired (USPS)
- Robert Reisner, Transformation Strategy
- Paul Smith, United Parcel Service (UPS)
- Don Soifer, Lexington Institute
- Philip Warker, Department of Homeland Security

### **Representatives of the U.S. Department of State**

- Nerissa J. Cook, Deputy Assistant Secretary, Bureau of International Organization Affairs
- Julie Gianelloni Connor, Director, Bureau of International Organization Affairs, Office of Global Systems
- Dennis Delehanty, Director for Postal Affairs, Bureau of International Organization Affairs, Office of Global Systems
- Laree Martin, Deputy Postal Officer, Bureau of International Organization Affairs, Office of Global Systems
- Mohammed Nauage, Office Management Specialist, Bureau of International Organization Affairs, Office of Global Systems
- Renee Wynveen, Intern, Bureau of International Organization Affairs, Office of Global Systems

### **Welcoming Remarks**

1. Deputy Assistant Secretary Nerissa Cook from the Bureau of International Organization Affairs opened the Federal Advisory Committee (FAC) on International Postal and Delivery Services with introductions of members of the State Department, members of the Committee, and members of the public. She then commented on the agenda items.

### **Briefing on the Work of the UPU Councils from November 2010**

2. Laree Martin presented a briefing on the work of the two Councils of the Universal Postal Union (UPU) since November 2010. Her presentation set the stage for the items to be discussed during the course of the meeting. The Council of Administration (CA) continues to work on terminal dues governance issues; the study of new market or "wider sector" players; reform of the Union; financing and human resources; and the response to the TSA security directives. The Postal Operations Council (POC) reviewed the need for more robust data systems, the hybrid mail system, data privacy agreements, security, and addressing as a national structure.

3. *Comments from Advisory Committee members:* Charles Prescott, who chairs the UPU Consultative Committee, stressed how vital hybrid mail is to companies, but he noted that hybrid mail would not be successful without the support of the UPU. He also discussed the World Bank initiative that looked at addressing as a national structure. He further mentioned that an interesting book on addressing would be published shortly and could probably be located through the Internet. He opined that these developments demonstrate how the business community would depend on the UPU to carry out their operations.
4. *Comments from the public:* Joe Lubenow of Lubenow and Associates pointed out that the United States leads POC Committee 4 on the issue of address quality, and that India and China have led the work of the Asia Pacific Postal Union on this issue.
5. Mike Mullen of the Express Association asked why the suggestion by the United States to remove password protection of UPU Council documents published on the UPU website ([www.upu.int](http://www.upu.int)) was not approved by the CA. Dennis Delehanty replied that certain delegations attending the 2011 CA session expressed the view that some of the information on the UPU website could be considered commercially sensitive, so consensus could not be reached in the CA on making it publicly available.

#### **UPU Reform of the Union Project Group**

6. Dennis Delehanty presented information on UPU activities to reform the Union. The United States participates in an ad hoc group that is working on the role of "new market players" in the postal sector. He specified that the deliberations on reform were ongoing and that the working group document was a work in progress. There appears to be no major push for reform from member countries of the Union, and the United States is generally satisfied with the current structure of the UPU Councils, (CA and POC). Given the UPU's current budget difficulties, the most viable approach for achieving greater involvement of the private sector in UPU deliberations could be some adaption of the International Telecommunications Union (ITU) model of creating associate memberships with fees.
7. Mr. Delehanty explained that the Consultative Committee may not be the ideal model for private sector participation in the UPU, but there is no consensus on an alternative solution. There is a general feeling among many delegations that private entities should pay their way to participate as observers in the UPU.
8. The separation of the UPU's governmental/regulatory functions and operational functions was also raised. Mr. Delehanty mentioned that he planned to give a presentation on the International Civil Aviation Organization (ICAO)-International Air Transportation Association (IATA) model at the April-May POC session in meeting in Bern. The UPU may be able to draw lessons from this model.
9. Mr. Delehanty restated the U.S. positions that (1) there is no need to revise the UPU mission statement and (2) that the United States supports the creation of autonomous extra-budgetary cooperatives.
10. *Comments from Advisory Committee members:* Some members questioned the statement that the United States is "generally satisfied" with the structure of the UPU. Reforming the decentralized structure of the UPU was also raised, as was the increased workload that the IB experiences prior to the quadrennial meetings of Congress.
11. Jim Campbell noted from the PriceWaterhouseCoopers (PWC) study report the view that Western European countries apparently favor a greater separation between governmental or regulatory and operational structures, when considering reform of the UPU. He did not believe that the U.S. strategic plan supported this separation. He referenced studies on international postal markets produced by Adrenal and PWC, noting that these reports found that 37% of the traditional global market was performed by designated operators. In his view, thinking in terms of a governmental/operational split vastly simplified the problem of private sector involvement in the postal market. Not only does he believe that private companies need to work with the POC, but he believes that they also want to have a role in the CA. He stated his belief that governmental matters should be open to all, and that private companies are interested in the POC with respect



to the issues that interest them. He cautioned that the word “operational” should not be equated with “commercial.”

12. Julie Connor observed that she has not heard any European delegations making any demand for drastic reform of the UPU at recent UPU Council sessions. Mr. Prescott said that associations that participate at the UPU have received a questionnaire from the Consultative Committee about their willingness to pay to participate in the work of the UPU. He suggested that the Reform of the Union Project Group should find an alternative expression to replace “pay to play,” which has negative connotations in the United States.
13. A discussion followed on the number of individual proposals that are submitted to UPU Congresses (an average of 600 at the past three Congresses). Mr. Delehanty attributed this large number of proposals to the fact that the UPU operates a complex global delivery system that in a sense is the equivalent of the operation of a multinational corporation, which makes the UPU quite different from other UN specialized agencies. Paul Smith appreciated Mr. Delehanty's comparison and suggested that his company could be a model for handling a large number of proposals. At UPS, the senior management never sees all the proposals. He did not think that all proposals needed to be addressed at the highest level, implying that the Acts could be amended to streamline the proposal approval process by requiring Congress to deal only with matters of substance.
14. Don Soifer asked what the Advisory Committee could do to help move the United States towards a position where the statement that the United States is “generally satisfied” with the structure of the UPU reflects more accurately the satisfaction of the members of the Advisory Committee. Ms. Connor raised the issue of how reform of the UPU could be funded. She said that every delegation is going to have to be able to explain how the UPU can afford change, especially if the private sector is unwilling to pay its way in the UPU. She reminded Advisory Committee members that everything that the UPU undertakes is constrained by its limited budget. Mr. Campbell clarified that governmental reform should not be very costly, and that commercial aspects should be paid for by those who have an interest in the given areas. Michael Regan noted that in the current structure, both governmental and operational functions were financed by governments. The operators are not self-financing. In response to Ms. Connor's questions about cost, Mr. Soifer suggested that if governments were to streamline their functions to just the physical exchange of documents, there might be significant long-term cost savings. Mr. Campbell suggested that all of these comments should be submitted in writing, because they were important points for consideration.
15. Juan Ianni followed up on the issue of the large number of proposals in the UPU. He asked if any measurement had been done on how many of those proposals were actually implemented to measure the need for such a large number of proposals. Sue Presti said that the possibility of individual companies becoming observers at the UPU should be reviewed by the Consultative Committee. Charles Prescott clarified that the Consultative Committee does not have authority to submit proposals directly to the UPU Congress such as for including individual companies in the UPU structure, but could assist in finding allies to support such proposals and explore possible funding mechanisms for such a system.
16. Lea Emerson clarified a point from the presentation: Terminal dues do not flow through the UPU; they are exchanged through the designated operators of the member countries.

#### **TSA Directives**

17. Phil Warker updated the Committee on the implementation of the air cargo security directives issued by the Transportation Security Administration (TSA) in the fall of 2010. He noted that the TSA directives initially caused major disruptions to international mail. More recently, cooperation between the TSA, postal operators, and air carriers lessened the problems, with still more potential for improvements. In January, Secretary of Homeland Security Napolitano established an Air Cargo Security Working Group, and specifically a Global Mail Subgroup, to study the options for standards for and collection of advanced data for the entire supply chain for cargo and postal items. The Department of Homeland Security is pushing the creation of data sets in order



to achieve uniform standardization and efficiency among countries. It is believed that countries are making progress towards the implementation of the TSA directives.

18. *Comments from Advisory Committee members:* Mr. Campbell wondered if it was possible to set up a standardized form for the security of low-weight packages and parcels similar to the standard UPU customs declarations for postal items, forms CN 22 and CN 23. Mr. Warker clarified that organizations such as the World Customs Organization (WCO), ICAO, and IATA are considering such an option. Maynard Benjamin reminded the Committee that the UPU Standards Board has been considering developing an end-to-end tracking mechanism that may be of interest to the Advisory Committee and DHS. Ms. Emerson mentioned the progress that countries were making towards the implementation of the new TSA directives, while much work still needed to be done to improve countries' understanding of the directives and how to implement them.

### **Report of Work Group 3: Changing Global Market for International and Postal Delivery Services**

19. Don Soifer presented the report by Work Group 3, which is responsible for the changing global market for international postal and delivery services. Mr. Soifer began by explaining that the document drafted by Work Group 3 had been submitted for comments, but none had been received. He was willing to put the document forward as the final product of Work Group 3. Ms. Cook asked Committee members to contribute their thoughts on the proposal. Several members responded that they supported the document and that it was technically sound. Because this was the first time that a proposal from the Committee to submit a document had been presented during an Advisory Committee meeting, the Chair decided that consultation with the legal advisor to the Federal Advisory Committee at the Department of State would be helpful.<sup>1</sup> One Committee member had a reservation about the document, and Ms. Cook felt that the legal advisor's opinion was necessary to her consideration of that reservation.

### **Contributions by Members of the Public: .post, Consultative Committee Postal Revenue Protection Working Group, Proposed Draft Resolution on Address Quality**

20. At the request of Committee members and the Department of State, Janice Gould-Alodah of the U.S. Postal Service gave a presentation on the top-level internet domain, .post. The top-level domain .post will be regulated by UPU members for the postal community and will integrate physical, financial, and electronic capabilities. The top-level domain .post connects country and postal sector supply chain partners. The goal of the UPU is to differentiate the postal sector on the internet from other top-level domain such as .com and .gov. The UPU has a formal agreement for the management of the .post domain with the Internet Corporation for Assigned Names and Numbers (ICANN), which is intended to help the UPU adjust to the changes in the way that information processing and business are being conducted across the globe. Developing a reserved names policy and a .post business plan are currently on the 2011 POC agenda. Hybrid mail is also being discussed in several POC working groups, especially because of its application to cross border mail and direct entry.
21. *Comments from Advisory Committee members:* Gene Colombo asked whether the UPU was looking into establishing a cooperative for .post which would incorporate the private sector. Ms. Gould-Alodah said that .post would ideally be managed by an extra-budgetary working group or cooperative. The Consultative Committee supports including both public and private members in a possible future .post cooperative, and it will serve as the point of contact for private sector companies until they are able to represent themselves.
22. At the request of Committee members, Jean-Philippe Ducasse gave an update on the work of the UPU Consultative Committee Postal Revenue Protection Working Group. Mr. Ducasse outlined the various activities that the working group has undertaken, including raising awareness, sharing best practices, and assisting in project development. He presented several options for the application of the findings of his working group. He voiced his concern that the future actions of the working group were limited by budgetary constraints.
23. *Comments by Advisory Committee members:* Mr. Prescott complimented the work of the Postal Revenue Protection Working Group and agreed that funding is a continual problem in the role of the private sector in the UPU.



24. At his own request and with the support of Committee members, Mr. Joseph Lubenow made a presentation on international address quality. He reported that the Consultative Committee had put forward a recommendation that the UPU develop a generic country database system and an exchange server to facilitate an international change of address service.
25. *Comments by Advisory Committee members:* Paul Smith said that this is an extremely timely issue as countries affected by natural disasters struggle with addressing. Mr. Campbell questioned the inclusion of the presentation on the Committee's meeting agenda and what role the Committee could take in any of these issues. Mr. Delehanty noted that the Committee could take an interest on the establishment of a cooperative for .post, contribute reactions to the draft proposal on address quality, and share reactions to the revenue protection initiatives. Mr. Delehanty reminded the Committee participants that document contributions are part of the mechanism for Federal Advisory Committees. Ms. Martin suggested that the views and ideas of Advisory Committee members could be considered for adjustments to the U.S. strategic plan for the UPU.

#### UPU Congress Calendar

26. Mr. Delehanty presented a calendar showing the deadlines for submission of proposals to the 2012 Doha UPU Congress. He reminded meeting attendees that now is the time to think about proposals and that the International Bureau will not accept any new proposals after a set date two months prior to the beginning of Congress. The concern that the UPU receives too many proposals may need to be addressed by the Reform of the Union Project Group.

#### Any Other Business

27. Before closing the meeting, DAS Cook opened the floor to other items of business. Mr. Smith asked if there was a more updated version of the 2009-2012 U.S. Strategic Plan for the UPU. Mr. Delehanty noted that the most recent version of the document is on the Department of State's website, but that an updated version could be drafted. Mr. Smith requested that Committee members receive notification when the updated version is made available to the public. Mr. Campbell asked whether it would be possible for members to participate in future FAC meetings via telephone.
28. *Comments from the public:* Mr. Mike Mullen said that he had the impression that remote participation in the Advisory Committee's meetings would be a violation of FAC rules, based on his experience with another Federal Advisory Committee.
29. Ms. Cook closed the meeting with a promise to deliver the meeting minutes, with comments on the Work Group 3 document to follow. The meeting was adjourned.

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<sup>i</sup> The Department subsequently determined that it should receive the document as one submitted by the Committee and did so. The suggestion that members of the committee might need to consult with their employers on a proposed document is inconsistent with FAC rules, insofar as Individuals serve on the Committee as individuals and not as representatives of their employers. Each member of the Committee is empowered to comment, question, or make suggestions. Consulting with or getting the approval of a non-member of the Committee is not appropriate.

Meeting minutes prepared by Reneé Wynveen and Laree Martin, Bureau of International Organization Affairs, Office of Global Systems.

Certified by Deputy Assistant Secretary Nerissa Cook:



this 30<sup>th</sup> day of June, 2011.